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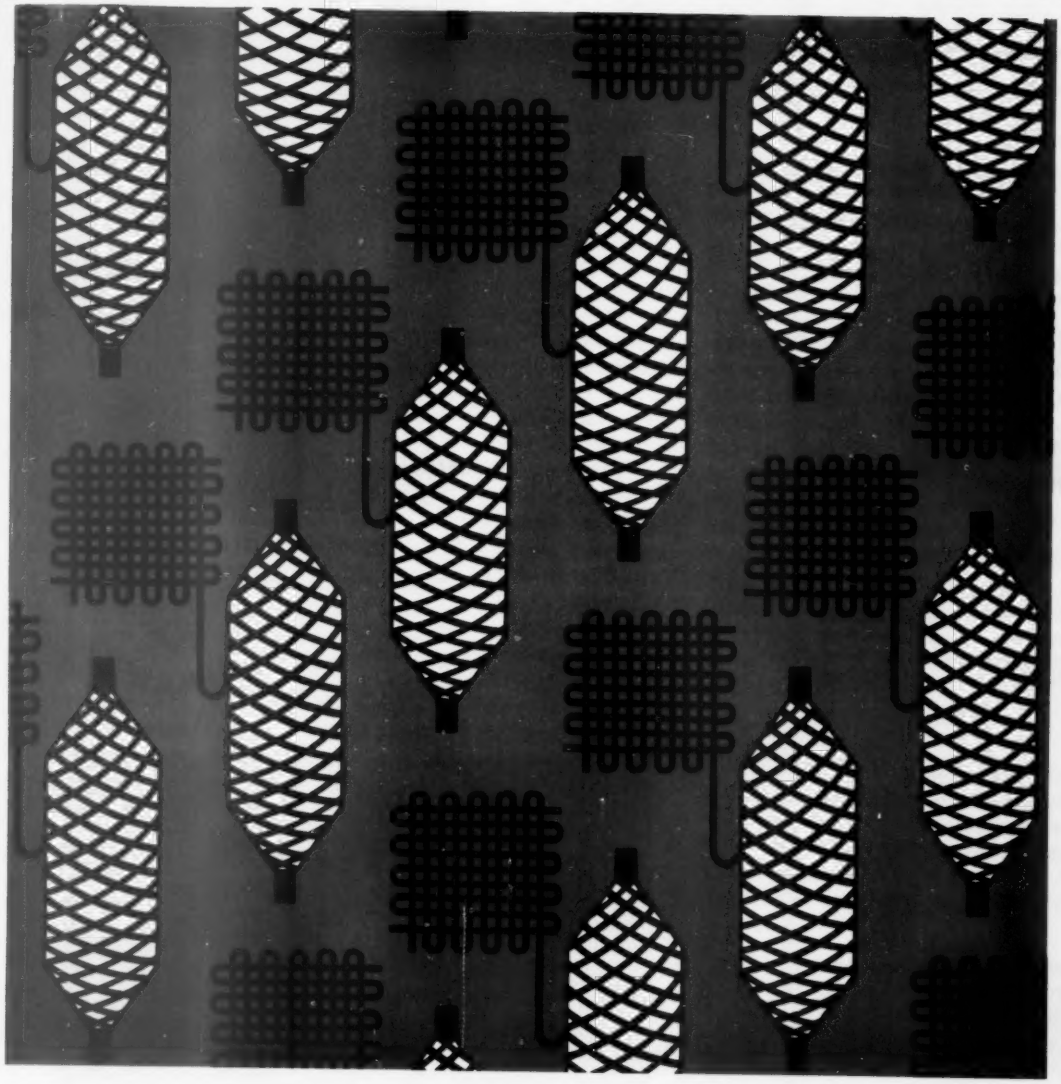

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Cotton's Position on World Markets

Land Development—Australian Style

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In this issue:

2 Land Development—Australian Style

5 Irish Dairy Board—Its Operations, Markets, and Policy

6 News of Cuban Sugarcane

7 Brazilian Cotton Chalks Up Solid Progress
By Horace G. Porter

8 U.S. Observer at Managua Reports—How Man-made Fibers Have Outsold Cotton

Pan-American Cotton Meeting Examines Cotton's Position on World Markets

9 The Managua Declaration

11 ICAC Plenary Meeting in Uganda

12 Reports on Communist Crops:
Soviet Winter Wheat Losses
Mainland China's Crop Prospects
By Horace E. Sears
French Horticultural Measures

13 Crops and Markets Shorts

16 Canada Accelerates Kennedy Round Reductions

This week's cover:
Stories beginning on page 8 discuss one of cotton's principal worries—ever-increasing competition from manmade fibers—and report briefly on recent international cotton meetings in Nicaragua and Uganda.

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Brigalow trees, like the one above, once covered much of the Fitzroy Basin land-development region outlined on map below. Development nears completion in Areas 1 and 2, is well underway in 3.

Land Development—Australian Style

Some 11.2 million acres of land that ultimately can carry 1 million cattle is presently being developed in Queensland, Australia's youngest State, under the Fitzroy Basin Brigalow Land Development Scheme.

The scheme, begun in 1962, is one of the main long-term programs in which the Australian Government is cooperating with the States to increase the country's agricultural production. Although the scheme is designed to develop the area—originally used only for extensive cattle grazing—to grass pasture only, it is expected that part of the land will eventually produce cash grain and fodder crops.

The region being developed under this scheme has been called the largest area of fertile but undeveloped land in the higher rainfall zones of Australia. The general development plan: The Queensland Government acquires land, clears and improves it, then makes it available to individuals for purchase or lease in holdings large enough to earn a living. The scheme is being financed by a A$23 million loan from the Commonwealth plus additional outlays by Queensland.

The land was originally covered with scrub trees and shrubs, about half brigalow—a hard-to-eradicate *Acacia* tree. At one time this tree covered an estimated 14 million acres in Queensland plus additional acreage in New South Wales, which borders Queensland on the south. Highly fertile, brigalow land once cleared can speedily be converted into productive farms or ranches. Much brigalow land in southeast Queensland and northern New South Wales, where rainfall is generous, has already been developed for intensive farming.

The Fitzroy Basin development is located in eastern Queensland between the Great Dividing Range on the west and the State's Coral Sea coast on the east. Outline of the area is roughly oblong, with the long dimension paralleling the coast. The region begins about 170 miles north of the border with New South Wales, extends north as far as 400 miles. It varies in breadth from about 35 miles to about 120 miles.

For development purposes the land has been divided into Areas 1, 2, and 3. Areas 1 and 2 comprise the southern 5 million acres—about the size of New Jersey—all of which lie in the South Temperate Zone; these areas are being developed first. Most of the 6.2 million acres in Area 3 lie in the Torrid Zone; the Tropic of Capricorn runs across the southern end of this area.

Some explanatory history

Why has so much fertile land been undeveloped so long?

First, clearing brigalow land has been extremely difficult and expensive. Next, even after better and less costly methods of brigalow clearing were developed, other brigalow lands more favorably situated—because of higher rainfall, nearness to markets, and better roads—were cleared first. Also, there has been no great population pressure to open up every available Australian land area. Finally, the prevailing type of land tenure in Queensland—30-year lease of Crown land—has been a complication.

Brigalow clearing.—Brigalow, a quick-growing leguminous "weed" tree found only in Australia, is unlike most other trees that can simply be chopped down when in the way. Brigalow trees seldom grow singly, but tend to cluster in groups joined by thick, starchy horizontal roots. When the trees are felled or the roots injured the root starch is converted to sugar and used to produce large numbers of suckers. If clearing is not done just right, the tree springs back with multiple force.

Several methods of clearing brigalow were developed by early settlers. None were very successful. Difficulties in development were aggravated after World War I by a massive infestation of the whole brigalow country with prickly pear. Development virtually stopped until the early 1930's, when a method was found to eradicate the prickly pear.

Typical of the brigalow scrub area being cleared for pastures under Fitzroy Basin Scheme.

Above, excavated tank with capacity of about 10,000 cubic feet, filled by natural rain runoff; brigalow timber in background. Left, one of the main roads of the scheme. Below, cattle from brigalow blocks awaiting sale.

In the 1950's new methods of clearing brigalow were worked out. These new methods—along with increases in wool and beef prices, the introduction of heavy machinery, and an influx of settlers after World War II—helped accelerate the development of brigalow lands.

In 1960, the Queensland Department of Lands decided to undertake an extensive land-development scheme with a crash program designed to convert in a few years the underdeveloped brigalow scrublands in the Fitzroy River Basin into cattle-fattening properties. This involved the clearing of timber with heavy machinery, the burning of fallen timber, and the establishment of improved pastures.

The State asked the Commonwealth Government for loans that would enable the Lands Department to open up individual blocks of land for settlement and rapid development. The initial loan was approved in 1962, and land clearing on the first 25,000 acres of the Fitzroy Basin development scheme began in November of that year.

Land tenure in Queensland.—Of Queensland's 667,000 square miles, about 86 percent is Crown land. Only about 8 percent is owned outright by individuals; the remaining acreage is taken up mostly with roads, stock routes, and parks and other public reserves.

Usually farmland is leased in parcels judged large enough to enable the farmer to earn a living. Leases usually run for 30 years. When the lease is up the farmer may be able to lease only a smaller acreage for the next 30-year term—if he has developed the land to a point where he can make a living on a smaller acreage.

In 1962, a good share of the land in the Fitzroy Basin scheme was held by such lessees.

How the scheme works

The Queensland Department of Lands, which is responsible for the administration of the Fitzroy River Basin scheme, is proceeding according to a 3-point plan: (1) Acquisition and resubdivision of the land; (2) allocation of blocks of land resulting from the resubdivision; (3) making loans available to new settlers.

Land acquisition.—Outstanding leases on property in the area are terminated by negotiation with existing lessees. The land is then redivided into parcels capable of carrying not less than 800 head of adult cattle when sown to pasture.

Part of the redesign of the region is the planning of an adequate road system—one of the most pressing needs of the area. Main features of the planned road system are north-to-west highways, east-to-west feeder routes, and a reasonable access road to every block.

Allocation of blocks.—Each original leaseholder is offered a new title to part of his holding under conditions that require the block to be developed to minimum standards set up by the State. All other new blocks are also required to meet these standards.

The remaining blocks are offered either as purchase leases or grazing homesteads. The purchase lease tenure applies to blocks classified as not being substantially more than a living area; these blocks may eventually be owned outright by the lessee after he has paid off the mortgage and met minimum development standards. The grazing homesteads are blocks exceeding 10,000 acres leased for 30 years; after that time the lessee has a right to further tenure over a living area of the block.

Of the blocks offered for new settlement, 30 percent must be sold at public auction. The remainder are allotted to ap-

plicants in accordance with procedures determined by the State; these are known as ballot blocks.

Loans.—Government loans are available for the purchase price of both ballot and sale blocks. In addition, for the ballot blocks government development loans are available for basic property improvements—such as land clearing, establishment of sown pastures, fencing, water facilities, and cattle tick control units (which include handling yards).

Development progress

Development of Areas 1 and 2 is nearing completion. By December 1968, the 254 blocks carved out of these two areas had been allocated as follows: 115 retained by original lessees; 101 allocated by ballot; and 38 sold at auction. In Area 3 the first three blocks have been allocated by ballot.

In addition, 130 miles of main roads were completed or near completion. Construction was completed or well advanced on another 427 miles of access roads to properties. On the 101 ballot blocks more than 877 miles of fencing had been constructed and 127 dams and earth tanks had been built.

Carrying capacity of the area had risen to a cow and a calf to each 7½ acres. In 1930, the average stocking rate for the whole brigalow area was about 1 animal to 30 acres.

In blocks settled soon after the scheme began, beef cattle numbers increased from 54,000 head in 1963 to 96,000 by January 1968. The human population in the entire scheme area is now about 500; about 1,000 additional persons are expected by the time development is complete.

A look ahead

It is expected that cattle ranching will continue as the main enterprise in the newly developing brigalow areas for many years to come. However, it is also expected that cash crops—such as wheat, sorghum, and safflower—and fodder crops—such as oats and forage sorghum—will eventually be grown in part of the area.

Obviously, the increased beef production of the new area will be a big boost to Queensland's rapidly expanding beef industry. The State now produces over one-third of all Australia's beef. Australia is the world's second largest beef exporter, ranking below Argentina.

According to the Queensland Department of Lands, there has been tremendous interest in the Fitzroy Basin scheme, both throughout Australia and from overseas—particularly from those interested in participating in the development of one of the world's few remaining fertile frontiers. To all potential settlers, the department points out that this is no undertaking for a shoestring operator. Considerable capital investment is required.

For example, for the first 33 farms sold under the scheme by 1967, the takeover price averaged US$7.74 per acre; the average block size was 9,000 acres. Prices have more than doubled since. In practice, the purchaser of an auction block has to pay one-tenth the value of the block and the survey fee at the time of sale. Within 1 year he has to pay the total value of improvements made on the land before he settled on it, as well as the yearly payment on the purchase price. In addition there are stocking and development costs.

In fact, to be eligible to ballot for a block today, the prospective settler must show the Queensland Department of Lands that he has command of capital to the extent of A$36,000. The full value of a sale block developed to pasture is in the vicinity of A$150,000 when stocked.

Development of the 6.2 million acres in Area 3 is proceeding, nearly 4 million acres having been acquired by the government up to December 1968. As presently planned, this area will comprise 325 blocks of which 225 will be offered for retention by present lessees, 70 allocated by ballot, and 30 sold at auction. —E. V. H.

Irish Dairy Board—Its Operations, Markets, and Policy

A government-sponsored agency, the Irish Dairy Produce Board is charged with the responsibility for exporting the country's dairy products. An Bord Bainne, as it is called in Ireland, was established in 1961. Since then it has had considerable success in securing valuable markets for Ireland's milk products and has gained the reputation of being a responsible marketing organization.

The Board has nine directors, five of whom represent producers and creameries. Manufacturers of cheese, milk powder, and chocolate crumb are represented by one director each, and one director represents the government. The directors elect their own chairman.

The government supports the price of manufacturing milk in Ireland by direct payments to the creameries on milk intake. Manufacturing milk prices are also supported through the Dairy Produce Board's offering to purchase dairy products from creameries at designated prices. The Board is required by law to pay a fixed price for all butter of suitable quality offered by a creamery. This price for butter places a floor under the basic price of milk and establishes a value to which prices of other dairy products purchased by the Board can be related.

This arrangement works quite readily with cheese and whole milk powder, as these products have a standard milk or butterfat content. However, in the case of chocolate crumb, the quantity of milk or butterfat used with cocoa products and sugar varies somewhat according to the manufacturer and the intended export market. Consequently, with chocolate crumb separate prices are worked out between each factory and the Board. Purchase by the Board of dairy products other than butter is not compulsory.

Board's milk allocations

Allocation of the quantities of milk into the production of the various milk products during any given year is determined by An Bord Bainne. The Board's advice is based on its projection for milk production over the year and on its expected market outlets for the various products. However, advice is given only to the manufacturers as a group; the Board has no power to allocate levels of production to individual factories. This latter phase of the planning becomes the basis for negotiation and agreement between the manufacturers.

In practice the system has worked quite well; production of milk products other than butter has tended to be in line with disposals, while the excess production of butter seems unavoidable when viewed against the background of the rap-

idly increasing domestic milk output and the world surplus of dairy products.

The Dairy Produce Board currently purchases all domestic creamery butter at a price the equivalent of 50 cents per pound, ex-creamery, or 50.25 cents per pound delivered to the Board. These prices are subject to a levy of a little over a cent per pound, which is used to establish a fund for financing storage charges for butter held by the Board.

Board's butter sales

The Board sells butter both for export and for domestic use; selling butter on the home market is the Board's only domestic marketing function. Most butter exports are to the United Kingdom; the Board does not sell butter to the United States, since Ireland has no share of the small U.S. import quota for butter. As of late April, the Board's selling price for butter delivered to London, Liverpool, and other English centers was equivalent to 35.14 cents per pound when not packed and 36.21 cents per pound when packed. Therefore, the Board was losing approximately 15 cents per pound on butter exported.

Losses incurred in the exporting of other dairy products vary, but they bear a relationship to butter on the basis of their milk or butterfat content.

The losses incurred by the Board in exporting milk products are recouped from two sources—(1) An annual grant from the Irish Government, and (2) a levy charged on manufacturing milk delivered to creameries. According to the Dairy Produce Marketing Act of 1961, the Exchequer can bear no more than two-thirds of the losses incurred by the Board. The remaining one-third plus the Board's administrative costs are financed by the levy collected on manufacturing milk delivered to the creameries. The levy currently is 3 cents per imperial gallon (about three-tenths of a cent per pound).

The Marketing Act of 1961 empowers the Board to incur losses only for exporting butterfat. Therefore skim milk powder exports from Ireland receive no export subsidy and the price paid for skim milk in Ireland is directly dependent on the price for skim milk powder in the world market.

Valuable exchange earner

The importance of Irish dairy produce as an earner of foreign income is considerable. The level of exports of milk products, including chocolate crumb, has increased sharply over the last 7 years. Milk product exports in 1968 were worth almost $70 million, or about 9 percent of total exports, as against a value of just over $31 million in 1962. The United Kingdom continues to be Ireland's most important market, absorbing almost all the increased exports since 1962.

The growth in butter exports, consequent on the rise of the British quota for Irish butter—or Kerrygold as it is known outside Ireland—is the chief reason for the impressive performance. Butter exports in 1962 at just over 16,000 long tons were up to over 37,000 tons last year. Ireland's annual butter quota in the United Kingdom currently stands at 26,000 tons. Other markets for butter include Morocco, Lebanon, and the Caribbean area. Ireland has U.S. import quotas for chocolate crumb and certain types of cheese; other markets for these products include the United Kingdom and Canada. Exports of milk powder are mainly to the Philippines, Trinidad and Tobago, Venezuela, and Mexico.

Prior to the establishment of the Dairy Produce Board, Irish butter was sold in foreign markets as an unbranded product and had no real consumer preference. Then, in 1961, as the Board assumed sole rights of butter exports, it coined "Kerrygold" and launched it in strategic centers of the English market. Kerrygold prices were soon on a par with Australian and New Zealand butter and within 5.4 cents per pound of the premium-priced Danish butter. By last year Kerrygold had improved its price position still further relative to the other major foreign suppliers and was within 3.2 cents per pound of the Danish price.

The Board assumed sole responsibility for cheese exports in 1964. Some months ago, Irish cheese was averaging the same or just above New Zealand's price for cheese on the U.K. market. This the Board considers to be of great significance in view of New Zealand's reputation as an exporter of quality products. The Board is represented in the United States by three agents for the sale of Colby and Cheddar cheese and by two import coordinates for the sale of processed cheese.

In recent years, in addition to its foreign marketing functions An Bord Bainne has been active in the field of new-product development.

—Based on dispatch from EUGENE T. RANSOM
U.S. Agricultural Attaché, Dublin

News of Cuban Sugarcane

Sugar production down in 1969. The first Cuban official estimate of the 1969 sugarcane harvest indicates a production of 4.7 million metric tons (sugar equivalent) compared with 5.2 million tons harvested in 1968. Castro described this year's harvest as the "agony of Cuba" and also stated that the harvest is below planned requirements. But he implied that any sugar needed to fill export commitments could be made up by advancing the 1970 harvest, which is unrealistically predicted to reach 10 million tons.

Castro again reiterated that the planted area for sugarcane has been increased by 500,000 hectares (1,235,500 acres) during the past 15 months and that the area harvested in 1970 would be a record for Cuba. Estimates indicate a sugarcane area of 1.6 million hectares will be harvested in 1970, a third of which will be first cuttings. The harvested area probably approximated 1.5 million hectares in 1969.

Sugarcane for animal feed. In a speech last month to the Institute of Animal Science in Havana, Fidel Castro set new sights for Cuba's livestock industry. By 1980, cattle numbers should reach 15 million head compared with the estimated 7 million in 1968. Poultry and hog numbers are also planned to increase significantly, but no planned numbers for 1980 were given. To meet the feed requirements for this expansion of herds and poultry numbers, Castro stated that Cuba should use its comparative advantage to expand sugarcane production rather than emulate the main cereal producers of the world. Sugarcane, according to Castro, constitutes Cuba's corn, sorghum, and soybeans, and together with improved pastures should be the basis of an expanded livestock industry.

Castro indicated that the sugarcane area should be held to 1.7 million hectares and that the production of cane in 1980 should be adequate to produce about 20 million tons of sugar. (This implies a yield three to four times greater than that achieved in recent years.) The emphasis is on use of additional cane for feed, not on production of more sugar.

In this decade

Brazilian Cotton Chalks Up Solid Progress

By HORACE G. PORTER
Cotton Division
Foreign Agricultural Service

South Brazil is in the process of harvesting and marketing the largest crop of cotton it has ever produced—some 2.4 million bales. This crop when added to the northern crop of 0.8 million bales gives Brazil a total 1968-69 production of 3.2 million bales—an alltime record, and up from 2.7 million bales last season.

The recent expansion in cotton, concentrated in South Brazil, is an integral part of the rapid growth pattern that characterizes most sectors of the economy of Brazil's Southern States.

Modern practices

In this area, insecticide use is quite common as is fertilizer use except in virgin soil areas. On rolling land, many cotton fields are planted on the contour and grass strips and runoff areas are seen. On some ranches, pastures in serious need of renovation are diverted to cotton for a few years before returning to grass. Yields of 1 to 2 bales per acre are not unusual, and most of the varieties planted produce cotton with a staple length of 1-1/32 or 1-1/16 inches. In each of these respects the situation shows very marked progress over 5 or 10 years ago.

As recently as a decade ago, cotton was considered more of a transition crop than a permanent crop. Frequently it was planted on freshly cleared jungle soil for a few years before coffee or pasture were put in. Also, when coffee land no longer was profitable because of depleted fertility, erosion, or both, coffee trees might be pulled and the land planted to cotton for a few years before going into grass. To some extent, cotton is still used in this manner but more and more farmers consider cotton as a permanent crop, and they have adopted farming practices which are making this possible and profitable.

Shifts in cropping

Brazilian farmers are more conscious of cost and return relationships than ever before, and they are trying to respond to prospective conditions in the manner that will be most profitable. The decisions they make may not always be as profitable as they had hoped, of course. A case in point occurred a few years ago when Brazilian cotton farmers mistakenly thought the price of cotton would be severely depressed by the new U.S. cotton program. They responded by switching much of their cotton land to peanuts. However, peanuts did not turn out as well as hoped and cotton did better than expected. This caused a swing back to cotton and, when both yields and prices turned out favorably, there was a further shift to cotton for the crop that has just been harvested.

Much of this season's increase in cotton acreage appears to have been at the expense of corn. Cotton apparently continues to hold an economic advantage over both peanuts and corn. Also it has a strong comparative advantage over most other crops for use on newly cleared jungle land, of which there is a considerable amount in any given year. It also is a strong competitor for pasture land that is being renovated.

In one important respect, this year has been better for many Brazilian cotton farmers than for cotton farmers in other countries. The lower level of world prices has cut returns to most farmers in other countries, but returns to Brazilian farmers were up considerably in terms of their own monetary unit, the cruzeiro. In part, this was due to further inflation, but perhaps an even more important factor was the exemption of cotton exports from all the 15 percent ICM (value added) tax in São Paulo and the reduction of the tax by 50 percent in Paraná. The resulting general level of well-being among South Brazil cotton farmers this season may well be reflected in 1969-70 cotton acreages.

Costs and returns

In midseason the São Paulo producer, from whose operation the table below was largely constructed, was getting the equivalent of about 17.5 U.S. cents per pound of lint for Type 5 cotton, which is roughly comparable to Middling Light Spot 1-1/32".

Late reports are that average prices received by Brazilian farmers rose later in the season to between 19 and 20 cents per pound of lint. A price of 19.5 cents per pound would give farmers with average yields a return of $11 per acre over total costs, while farmers obtaining 585-pound yields would clear $37 per acre.

ESTIMATED COSTS AND RETURNS OF PRODUCING COTTON IN 1968-69 IN SOUTH BRAZIL [1]

Item	Pounds of lint per acre		
	366	408	585
Price received ..... cents per pound..	17.5	17.5	17.5
Income ..... dollars per acre..	64	71	102
Direct cost ..... do.....	44	45	58
Total cost ..... do.....	60	61	77
Return over direct cost ..... do.....	20	26	44
Return over total cost ..... do.....	4	10	25
Direct cost [2] ..... cents per pound..	12.0	11.1	9.9
Total cost [2] ..... do.....	16.3	15.0	13.1

[1] Ginning expenses not included; nearly all cotton in Brazil is sold before ginning. Value of cotton seed not credited to income; value of seed generally equals or exceeds ginning costs.
[2] Computed before rounding.

South Brazil's production costs per pound are extremely low compared with average costs in the United States and a number of other countries, but relatively low yields and prices hold down returns per acre. In fact, farmers achieving yields equal to the 1968-69 South Brazilian average (366 pounds) had returns per acre only slightly larger than total costs, and considerably below average U.S. returns over total costs. Latest available data (1966-67) indicated total U.S. costs averaged about 24 cents per pound, after adjustments were made to make such data comparable with Brazilian. Efficient Brazilian producers with higher yields, however, find cotton profitable compared with alternative crops, and U.S. producers can properly expect continued keen competition from their Brazilian neighbors.

U.S. Observer at Managua Reports

How Manmade Fibers Have Outsold Cotton

Managua, capital of Nicaragua, played host this spring to a meeting of American cotton-producing countries, held under the auspices of the Inter-American Cotton Federation (FIDA). W. Glenn Tussey, Director, FAS Cotton Division, who represented the U.S. Government, presented the following paper at the invitation of FIDA.

Although cotton consumption worldwide is today at the highest level in history, the sad story is that cotton's share of a rapidly growing world textile market continues to decline.

According to figures of the International Cotton Advisory Committee in the 8 years since 1960, total world consumption of the principal textile fibers—cotton, wool, and the manmades—has increased by one-third. The total exceeded 20 million metric tons for the first time in calendar year 1968, compared with 17.8 million tons in 1965 and 15.2 million tons in 1960.

In comparison, world cotton consumption rose only slightly from 10.4 million tons in 1960 to around 11.4 million tons in both 1967 and 1968. Cotton's percentage of the total textile fiber market declined from 68.3 percent in 1960 to 61.5 percent in 1965; 59.8 percent in 1967; and 56.5 percent in 1968 (preliminary)—and in certain countries the decline has been even more dramatic. For example, in 1968, cotton's share of the U.S. fiber market declined to about 37 percent of the total.

Consumption of wool worldwide has held steady at around 1.5 million tons annually throughout the last decade. But its percentage of the market also declined, from 9.9 percent in 1960 to 7.6 percent last year.

The most important and spectacular change on the textile scene has been the rapidly rising use of manmade fibers, especially the noncellulosics. World production of MMF's, which is closely comparable to consumption, rose from 3.3 million tons in 1960 to 5.3 million tons in 1965, 6.1 million tons in 1967, and 7.1 million tons in 1968. The percentage of the textile fiber market taken by these fibers rose from 30.1 percent in 1965 to 32.5 percent in 1967 and 35.9 percent in 1968.

What the manmade fibers are and do

In discussing manmade fibers, it is important to distinguish between (1) the relatively lower priced cellulosic fibers, rayon and acetate, which have been on the scene since World War I and earlier, and (2) the relatively higher priced noncellulosics, which began to appear shortly before World War II. World consumption of the cellulosic manmade fibers rose steadily until 1964, but then leveled off at 3.3 million tons annually through 1967. In 1968, however, higher cotton prices contributed to further gains, and consumption reached 3.5 million tons. Rayon's and acetate's share of the textile market is now 17.3 percent compared to a peak of 19.4 percent in 1964.

Very little additional capacity to produce rayon and acetate is currently being built, and until the spurt in demand in 1968 there was substantial excess capacity, particularly in Western Europe and the United States. Rayon prices generally have leveled off in the last few years with little tendency for further decline, but they already are quite low relative to cotton. In the United States, the list price for regular viscose staple has remained at 28 cents per pound net delivered at mills since 1964, but the actual price is around 25 cents. In the United Kingdom, the current list price is 23 cents, which represents about the same price in pence as in 1964. In Japan, the price has been around 20 cents for several years.

Rayon formerly was characterized by poor wet strength, which was a serious disadvantage in washing. Much of the production today, however, is of the "high-wet-modulus" type, which represents a considerable improvement in this regard. This lists in the United States for 38 cents, but probably is sold for as low as 30 cents. In the United Kingdom, the list price is 27 cents.

Although rayon remains a serious competitor of cotton, the most serious threat at present is from the noncellulosic man-

Pan-American Cotton Meeting Ex

The difficulties that cotton is facing—slow export movement and declining prices on world markets—prompted the American cotton-producing countries to gather together this year for discussions on cotton-marketing problems and on the feasibility of an international cotton agreement.

The meeting took place April 22-24 in Managua, Nicaragua, at the invitation of the Nicaraguan Government and with the sponsorship of the Inter-American Cotton Federation (FIDA). Brazil had four delegates; Colombia, five; Costa Rica, four; El Salvador, six; Guatemala, 11; Honduras, nine; Mexico, two; Nicaragua, five (plus representatives of local organizations including cotton cooperatives); Peru, two. The United States sent W. Glenn Tussey, director of the FAS Cotton Division, as an observer and to provide information on U.S. cotton programs and developments. The Honorable Kennedy M. Crockett, U.S. Ambassador to Nicaragua, also attended.

The agreements reached at this meeting indicated a degree of cooperation not hitherto achieved among the cotton countries of the Western Hemisphere. All delegates approved the recommendations that another Pan-American conference be organized by FIDA during the Plenary Meeting of the International Cotton Advisory Commitee June 1-11, and that the Managua group support the study by ICAC of all measures of cooperation—including the feasibility of an international cotton agreement.

The same problems that had stimulated the planning of the Mangua meeting had already prompted a March visit to the United States by a cotton delegation from Nicaragua, Guatemala, and Mexico, which in its discussions with Secretary of Agriculture Clifford M. Hardin strongly urged him to send a representative to the forthcoming conference. The leader of the delegation, Vice President Alfonso Callejas Deshon of Nicaragua, became chairman of the Managua conference.

made fibers. These include mainly nylon, acrylic, polyester, and olefin. (Glass fiber is also of growing importance, but world statistics are incomplete.)

Although nylon was first developed shortly before World War II and polyester fiber not long afterwards, world production of the noncellulosics did not attain the million-ton level until 1962. By 1965, it had doubled to 2 million tons, and from 1967 to 1968, it rose spectacularly from 2.9 million to 3.7 million. Production of the noncellulosics now has surpassed production of rayon and acetate. Their share of the world textile market on a straight-weight basis has risen from 11.4 percent in 1965 to 15.1 percent in 1967 and 18.6 percent in 1968. This percentage would be considerably enlarged if account were taken of the fact that these fibers contain very little waste and are light in weight. Their cotton-displacement capability is enhanced by these factors.

In the United States, the noncellulosics comprised 34 percent of the mill consumption of textile fibers other than glass in 1968, compared to 28 percent in 1967. In other countries, the percentages in 1967, according to the ICAC, were: United Kingdom, 25.5 percent; France, 19.2 percent; Federal Republic of Germany, 27.2 percent; and Japan, 26.0 percent. In India, on the other hand, the noncellulosics comprised less than 1 percent; in Mexico, 11.5 percent; in Argentina, 11.7 percent; and in Brazil, 6.6 percent.

According to the *Textile Organon*, the world will have a capacity to produce 5.1 million tons of noncellulosics (excluding glass) by December 1969, compared to 4.2 million tons in March 1968 and an actual production of 3.7 million tons in 1968. Thus, the capacity to produce these fibers is increasing very rapidly.

Nylon, the original noncellulosic fiber, accounts for 40 percent of world noncellulosic capacity; polyester accounts for a third; and acrylic for 20 percent. Capacity to produce each of these fibers is being rapidly increased, but polyester capacity is rising most rapidly, both absolutely and relatively.

The noncellulosic fiber industry at present is largely concentrated in the United States, Western Europe, and Japan. Substantial additions to capacity are being made in all of these countries. But noncellulosic fiber plants now are also being constructed in many other countries by well-financed combines and individual corporations. For instance, there are now 70 such plants in nine countries in Latin America and 77 plants in 12 countries in Asia, Africa, and Oceania, excluding Japan and Mainland China.

Many years ago the natural fibers—cotton, wool, linen, and silk—each had well-defined end uses, and there was little change from one year to the next in the percentage each

ng Examines Cotton's Position on World Markets

Four papers were presented at Managua. One, on the problems of international cotton prices, was given by a Guatemalan delegate; another, on the advisability of reexamining the possibility of an international cotton agreement, by a Nicaraguan delegate—both on behalf of the Central American countries. A Brazilian delegate, on behalf of FIDA, discussed possible measures for cotton market planning. The U.S. observer was asked to present a paper on manmade fibers —their general situation and their relationship to cotton demand and consumption (reprinted above).

The Managua Declaration

The cotton situation has been characterized by a chronic disequilibrium between supply and demand, resulting in price instability. The market is now characterized by a pronounced downward trend in cotton prices and a very slow purchase rate. This situation presents serious problems and causes grave concern to the American countries, the majority of which are cotton producers, whose economies depend to a great extent on cotton production and sales.

In view of these circumstances, the Government of Nicaragua called a meeting of the cotton-producing countries of this continent, through the Federación Interamericana de Algodón (FIDA), in order to study the situation, exchange points of view, and examine at the same time the Agenda for the Twenty-eighth Plenary Meeting of the International Cotton Advisory Committee, which will take place in Uganda this June.

The following items were considered: Price trends in the international market; the need to stabilize cotton prices and the effects of price instability on cotton production and consumption; the cotton consumption and stock situation; protectionist policies in production and restrictions on trade; market conditions; manmade fiber competition; and the feasibility of an international trade agreement under current conditions.

Participating countries also exchanged views on the important role to be played by the industrialized countries and the cotton producing and importing countries if orderly marketing is to be attained.

After due consideration of the above, the *First Pan-American Cotton Meeting recommends:*

I. Closer international cooperation to solve the problems which affect the cotton economy.

II. Continuation of the analysis of the world cotton situation and, in order to find the most effective methods of cooperation, organization by the Federación Interamericana del Algodón of a Second Pan-American Cotton Meeting, during the Plenary Meeting of the International Cotton Advisory Committee in Uganda.

III. Support of the International Cotton Advisory Committee in the study of all means of international cooperation, including the feasibility of an international cotton agreement.

Managua, D. N., Republic of Nicaragua, April 24, 1969.

Signatories: Brazil, Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Peru, and the United States (as an observer).

had of the total textile market. Cotton was priced much lower than wool and silk, and cotton prices could rise and fall over a considerable range without much gain or loss to other fibers. The development of manmade fibers changed all of this. At first, these fibers had poor technical properties, but as time has passed they have been engineered to simulate many of the characteristics of the natural fibers. At present, in certain characteristics, such as strength, some manmade fibers have even surpassed cotton. In others, such as moisture absorptiveness, lack of harshness, freshness, launderability, and comfort, cotton still has considerable advantages, although not universally over all manmade fibers.

Cotton needs better durable press

Fibers are the most important product of some of the largest chemical firms in the world and a major product of several others. These concerns continue to pour large sums into research and development, and there is no doubt that improvements in manmade fibers will continue to be made. To a considerable extent, whether cotton will remain competitive in the future depends on how much research effort is extended to improve the characteristics of raw cotton and cotton products and how successful that effort is.

As an example, almost all of the polyester fiber processed on the cotton spinning system is blended with cotton or rayon in the manufacture of durable press products. For countless generations, ironing has been one of the most onerous household chores, and the manmade fiber industry realized that it would have a huge market if it could relieve the housewife of this burden by producing easy-care products. There were many costly experiments and many failures, but eventually a fairly satisfactory product using a blend of polyester with cotton (or rayon) was evolved, replacing former all-cotton products. Cotton still is partly used in such blends because a treatment must be applied to the cellulosic fiber in order to obtain the durable-press properties and because cotton has better covering power and its moisture absorbency adds to comfort. It must be added, however, that the treatment typically reduces the cotton's strength and thus its durability, which properties are then restored by using the manmades.

If an improved all-cotton durable press finish could be developed, there is no reason why the cotton industry could not regain many of its losses—that is, if prices were competitive and there were sufficient promotion support. It is important to emphasize the last two conditions. Such a finish should do the job well without causing a loss in the strength of cotton and without loss to cotton's other desirable properties. Both the Cotton Producers Institute in the United States and the International Institute for Cotton have assigned priority to the development of such a finish.

Competitive prices mean more uses

It is an economic truism that, if two fibers have identical characteristics, the market will go to the one that is priced a shade lower—other things being equal. Historically, new manmade fibers have been introduced at very high prices, which have barred their use from all but limited applications in their early marketing phase. But then prices have been brought lower and lower, so that fibers that originally sold for several dollars a pound now are priced well under 50 cents. As prices have declined, the fibers have become competitive in more and more strata of textile end-uses. For instance, in the United States, polyester fiber was $1.14 a pound in 1963. At this level, it was mixed with wool in summer shirts and appeared in blends in higher quality shirt and dress fabrics and in curtains, etc. In 1969, however, branded polyester staple is listed at 61 cents a pound, while unbranded polyester staple is selling for as low as 42 cents a pound. At present low prices, polyester fiber is being used in print cloths, sheetings, and work clothing, which formerly were almost exclusively markets for medium and lower quality cottons, as well as in tire cord and carpets.

At present prices, manmade fiber manufacturers are not making the fabulous profits per pound that they once did. Reduced margins, however, have been offset by a greatly increased sales volume. Noncellulosic fibers are made from crude petroleum and natural gas products that cost around 3 cents a pound. Although intricate and exacting chemical processes are involved and capital costs are high, very little labor is required. New technical developments that result in economies in cost still are being made, and some of the larger plants are able to realize the economies of large-scale continuous-flow operations. As a consequence, it is thought that in the next few years polyester fiber prices will decline still further.

Manmades and their price competition

Prices for good-quality cotton in the United States were fairly stable for three seasons prior to August 1967. The short 1967-68 cotton crop, however, caused the price of Middling 1-1/16" cotton delivered at U.S. mills to rise rapidly from around 29 cents a pound in the spring of 1967 to about 40 cents in December 1967. In the meantime, the actual price of regular-quality rayon staple remained unchanged at about 25 cents a pound, while the price of polyester fiber declined substantially. As a result, the price advantage of rayon staple over M 1-1/16" cotton on a net usable fiber basis increased from 3 to 14 cents, while a former price advantage of raw cotton (as compared with polyester fiber) of around 10 cents changed to a 2-cent disadvantage.

This drastically changed price relationship in favor of manmade fibers and against cotton was accompanied by a substantial loss in cotton consumption. Cotton consumption in the United States declined from around 34,500 bales per working day in mid-1967 to around 31,000 bales at the end of 1968, a loss on an annual basis of 650,000 bales. On the other hand, rayon staple consumption on cotton spindles, which previously had been declining, shot up from 2.0 million pounds daily to 2.75 million pounds daily.

Consumption of polyester fiber on the cotton spinning system already was rising as polyester fiber was being introduced in blends for durable press products. The upward gradient of the trend, however, was tilted considerably higher in late 1967. By the end of 1968, consumption was 750,000 pounds a day higher than if the former trend had been followed.

A comparable situation developed in Europe. The Liverpool composite price for SM 1-1/16" cotton rose from under 29 cents a pound in the spring of 1967 to 33 cents in January 1968. During the same period, the list price of rayon staple remained around 23 cents and the list price of polyester declined from 93 to 62 cents. It is not unlikely that manmade fiber prices for volume sales were actually below these levels. This changed price relationship was accompanied by a rise from 19.8 percent in the first quarter of 1967 to 26.3 percent

in the first quarter of 1968 in the percentage that manmade fibers comprised of the total fiber spun on cotton spindles. In the Federal Republic of Germany, the percentage taken by manmade fibers rose from 24.0 percent in the 1966-67 season to 31.1 percent in the first 5 months of the 1968-69 season.

Cotton prices in the last several months have declined; they are now as low as they were before the short 1967-68 crop. The lower cotton prices have restored the former price relationship with rayon staple, but only part of the former price advantage of cotton over polyester staple, because of further polyester price cuts. In the United States, when waste and other factors are considered, unbranded polyester fiber currently is quoted on a net cotton displacement basis so low that, even with current cotton prices, cotton probably has little or no price advantage.

Manmades claim reliable supply

It should be emphasized that a competitive current price is not enough. Textile manufacturers have to plan their future operations many months and even years in advance, so they are vitally interested in knowing whether they can count in the future on getting needed supplies of needed qualities at reasonable prices. This is no problem when they deal with manmade fiber producers. Manmade fibers are produced at the same rate throughout the year, production is rising, and prices, although following a downward trend, are kept quite stable. The producers even offer indemnities sometimes if prices are changed downward. In contrast, even in a normal year, the bulk of a country's cotton crop comes on the market in 2 or 3 months and must be financed and stored for the rest of the year. With high interest rates this cost becomes quite important. Also, the supply of cotton, particularly of specific qualities, can change greatly from one year to the next with consequent gyrations in price for such qualities. It formerly was said that cotton producers liked nothing better than to have carryover stocks fall as close to zero as possible in the hope of higher prices. Under conditions of present intense competition from manmade fibers for the cotton market, however, such a course of action can be most detrimental to the retention of cotton's markets.

Promotion investment helps manmades

Another factor in competition between cotton and manmade fibers is promotion and advertising. The manmade fiber industry today is the source of the bulk of the advertising on textiles. In the United States alone, the industry's expenditures total between $80 million and $90 million annually. This, the manmade fiber industry claims, has been responsible for much of the increase in the consumption of textiles, but it also has been a potent weapon in interfiber competition. Much of the money is given to manufacturers and retailers of wearing apparel and other end-products, with stipulations that the merchandise must meet certain standards, and that, of course, it must have a specified percentage of the fibermaker's product, often the familiar 65 percent. Although more money than formerly is now being spent on cotton promotion and advertising, the amount still is only a small fraction of the amount spent on manmade fibers—between $6 million and $7 million in the United States.

In conclusion, it can be said that, with the rapid increase in population in the world and the growth of per capita incomes, there is a rapidly increasing market for clothing and other textiles. But competition for this market by the manmade fiber industry is increasing greatly in intensity as to price, development of improved products, and promotion and advertising. Much of the increase in consumption of manmade fibers has been in end-uses like carpets and tire cord, in which cotton has not been too important a factor in recent years. However, another large segment of the increase is accounted for by the replacement of all-cotton products with blends or all-manmade-fiber products in wearing apparel and household items. There are few, if any, end-uses of cotton that are not now vulnerable to such attack. The raw cotton industry must respond with sufficient initiative and vigor in promotion, research, and all phases of competition if it is to continue to have an important position in the textile markets of the future.

ICAC Plenary Meeting in Uganda

Early this month, more than 250 delegates and observers, representing cotton producing, exporting, and importing countries and international organizations, gathered in Kampala, Uganda, for the 28th Plenary Meeting of the International Cotton Advisory Committee.

This ICAC session, to which 42 member governments were invited by the host country, marks the 30th year since the first international cotton meeting, held by 10 countries in Washington, D.C., in September 1939. This series of ICAC plenary meetings has been interrupted only by World War II.

The 1939 meeting convened under the shadow of world cotton stocks of nearly 25 million bales, equivalent to 10 months' supply. The 10 participating countries, concerned with problems of overproduction and falling prices, discussed how concerted international action might avoid chaotic developments in the world cotton economy. At last year's plenary meeting, the 27th, the world was no longer faced with a serious cotton surplus, and participants agreed that ICAC efforts should now be directed toward preventing a recurrence of that problem.

This year's plenary meeting (June 2-11) focused on the growing necessity for each country to adjust its cotton policy to the market situation both at home and abroad, so as to preserve and strengthen the current balance between world production and world demand. In this effort, the pressure of interfiber competition on cotton prices was a matter of great concern. Producing countries reported being squeezed by the increasing cost of production; yet cotton cannot rise much in price without losing markets to the manmade fibers.

An answer suggested for this problem was to develop total cotton demand through research and promotion. Strongly endorsed by the meeting as the proper vehicle for increasing cotton consumption was the International Institute for Cotton, which ICAC assisted in forming and with which it maintains close liaison.

The following new officers were elected for the Standing Committee of ICAC: Kenneth E. Frick of the United States, Chairman; Alfredo Valencia of Peru, First Vice Chairman; Wagih W. Shindy of the United Arab Republic, Second Vice Chairman. J. Phil Campbell, Under Secretary of Agriculture and head of the U.S. delegation to the ICAC meeting, became a vice president of IIC and a member of that body's Executive Committee.

Soviet Winter Wheat Losses

According to recent reports, the Soviet winter wheat crop has suffered proportionately more weather damage this year than other winter grains. It is now estimated that 20 to 25 percent of all winter wheat was killed by one or more weather forces—wind erosion, water erosion, or freezing temperatures. Present indications point to a 1969 crop of 26 million to 28.5 million tons, compared with 33 million tons in 1968 when winter wheat accounted for about 40 percent of total wheat production. A bumper crop of 40.0 million tons was harvested in 1967.

To offset these losses, the Soviets plan to increase the area sown to spring wheat by replacing some of the winter wheat area. However, spring arrived late in most areas, and the unseasonable coolness held back crop growth. In some instances, wetness delayed field work, but there are areas where concern has been increasing about soil moisture adequacy, particularly in parts of the northern Caucasus, the Volga region, the southwestern part of Kazakhstan, and the Kursk area.

The latest published spring planting data reflect all these weather conditions. As of the middle of May, a total of 147.5 million acres of grains (excluding corn) and pulses reportedly had been sown. This is only two-thirds of the 223.6 million acres planned for 1969. Of these totals, published data show that only 73.1 million acres of spring wheat had been sown from a planned area of 111.2 million acres.

Most other spring grain crops should have increased areas, possibly meaning larger production, since winter wheat areas that were destroyed are largely being put in other grains.

Planned area for corn in 1969 is 50.2 million acres, of which 29.7 million have been planted. Since corn can readily be substituted in areas where winter wheat was lost, indications are for an increase in areas planted to corn. In the Ukraine, the most important corn-producing area, acreage is expected to be 2.5 million acres above the 1968 level.

Mainland China's Crop Prospects

Latest estimates for 1968 crops in Mainland China show total grain production at 182 million metric tons, reaped from 296.5 million acres. Data for the two major grains are 21.0 million tons of wheat from 60.5 million acres and 82.0 million tons of rice (paddy) from 72.9 million acres.

Although data concerning 1969 crop prospects are very scarce, some information on the weather by areas is available. Since most of the critical weather is still to be experienced, judgments as to weather effects on crops are preliminary.

North China (including the Northeast Region and the North China-Yellow River plains). This area includes the main winter wheat belt. Although the long, cold winter may have resulted in greater than usual winterkill, precipitation, as of April, has been above normal. This plus good moisture reserves should create improved conditions for spring planting.

South China (excluding the Western Area). Earlier in the year the weather was somewhat worse than normal. A long winter and a cold spring with excessive precipitation affected the planting of the early rice crop. This area accounts for about one-third of total rice production. In recent weeks, the weather has been favorable, and earlier adversities could possibly be offset to some degree.

Southwest China. A severe drought has prevailed in this area since the autumn of 1968.

The overall picture indicates that winter grains and early rice (which normally account for 35 percent of total grain production in all China) will be less than average. China's summer harvest, at best, will be about average.

French Horticultural Measures

The French press recently reported that the Ministry of Agriculture has decided to reorganize certain aspects of the French fruit market. The new measures were taken in light of the unfavorable publicity created by the destruction of last year's surplus fruit production. The new measures were announced by Mr. Boulin, former Minister of Agriculture, who since assuming this responsibility has been faced with further surplus production problems for certain fruits, notably peaches, pears, and apples.

The following two measures, which became effective when announced, were taken without referring them to the authorities of the European Community. The first measure provides for the establishing of a permanent inventory of French orchards by age and variety. Reportedly, this will enable more accurate crop forecasting. Secondly, all producers of a certain type of fruit will be obliged to follow all or a portion of the rules accepted by the majority of recognized producer groups. These rules include such things as declaring production, sales, stocks, etc., to the regional economic committee.

To cope with these new measures, the government has decided to increase its financial aid to the regional economic committees and also to make available to them the services of certain government experts. Furthermore, 200 additional inspectors will be employed to assure that the rules concerning standards are followed. Noncompliance with these standards reportedly will result in heavy fines.

New promotional programs aimed at increasing consumption are being planned, and new fruit processing outlets also are being sought.

Mr. Boulin has also agreed to allow the withdrawal of category 2 apples and will attempt to persuade the European Community to prohibit the sales of category 3 apples. However, the Minister was not able to take any action on a tree-removal program because prior agreement with the EC is necessary. It was further reported that the government's agreement-in-principle to "compensate" for certain "competitive distortions" which may arise in the future could present some difficulties within the EC.

Venezuelan Rice Surplus

Because markets are not available at this time, Venezuela finds itself with a surplus of rice which is larger than the forecasted 1969 crop. Estimated stocks on hand are 190,000-200,000 metric tons. Part of the difficulty in disposing of the rice stems from its cost. A high minimum price is paid to growers, and since rice is sold to the domestic market at a price to cover cost, it has become a high-priced item and consumption has decreased. The cost of rice delivered to port is about $300 per ton.

CROPS AND MARKETS SHORTS

Weekly Report on Rotterdam Grain Prices

Current prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago, are as follows:

Item	June 17	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 2 Manitoba	1.91	−3	2.04
USSR SKS-14	1.84	0	1.88
Australian Prime Hard	1.87	+1	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	1.88	−3	1.99
15 percent	1.91	−3	2.01
U.S. No. 2 Hard Winter			
14 percent	1.92	+1	1.98
Argentine	(1)	(1)	1.90
U.S. No. 2 Soft Red Winter	1.69	0	1.73
Feedgrains:			
U.S. No. 3 Yellow corn	1.46	−3	1.32
Argentine Plate corn	1.60	+3	1.51
U.S. No. 2 sorghum	1.24	0	1.27
Argentine-Granifero	1.24	+1	1.31

[1] Not quoted.

Note: All quoted c.i.f. Rotterdam for 30- to 60-day delivery.

France Sells Wheat to Egypt

According to French grain officials, France has arranged a sale of 1.8 million tons of wheat to Egypt, for delivery over the next 3 years. Thus far the agreement provides only a general framework; quantity, quality, and price of individual lots will be the subject of negotiations handled entirely by private exporters.

French officials describe this as another in a series of regular grain agreements between the two countries; however, USDA records indicate that it is a departure from the norm, as previous sales have covered only a single season. The new arrangement is also significant because the annual volume of wheat shipped from France to Egypt is considerably increased from that of recent years.

Zambia Corn Imports

Because of heavy rain damage to its corn crop, Zambia is negotiating with Malawi, Kenya, and Tanzania for the purchase of 90,000 tons of corn. These imports will be in addition to the 45,000 tons of corn purchased from South Africa earlier in the year.

Italian Seed-Import Regulations

Seeds of cereal, herbage, beet, and potato varieties imported into Italy must be certified and registered on the Italian National Variety List beginning July 1, 1969. U.S. breeders, producers, and exporters were required to submit a request for inclusion on the Italian list by June 30 to maintain imports through June 30, 1970, when European Community directives become effective. Certification by the breeder of closed-pedigree hybrid corn varieties was acceptable in lieu of certification by a recognized state certification agency. Varieties submitted after June 30, 1969 must be field tested for 1 to 2 years after which, if approved, importation will be permitted. Seeds traded after July 1, 1970 must comply with EC seed directives.

Requests for listing of U.S. varieties must be submitted to Ministero dell' Agricoltura, Servizio Sementi, Via XX Settembre, 20, 00187, Roma, Italy. No special application forms are required. However, according to the U.S. Agricultural Attaché in Rome, a 400 lira (65 cent) tax stamp is required for each application plus fees for field testing where applicable.

Malawi's Cotton Production Up

Malawi's current cotton production is estimated at around 30,000 bales, compared with 20,000 bales in 1967-68. The larger crop this season is primarily a result of government incentive programs which were inaugurated in 1967-68 to increase cotton production. The programs are financed by loans from the Malawian Government, the International Bank for Reconstruction and Development, and the Kreditanstalt Fuer Wieder—a West German Government bank which provides financial aid to developing countries.

The major promotion scheme will affect primarily the Chikwawa cotton-producing area, located in the Lower Shire Valley. During the past 3 years this area has accounted for more than one-half of Malawi's annual cotton production. The main objectives of the scheme are to increase acreage and to develop and improve the agricultural extension service, credit facilities, subsidies, production practices, and water resources.

Additional projects by the government to increase cotton production in the Central Region were launched in late 1968. The ultimate goal is to raise Malawi's cotton production in 12 years to about three times the current level. The 1968-69 crop, however, was about 20 percent below the first year's goal in the 5-year plan.

Consumption in 1967-68 was estimated at 10,000 bales and is likely to be higher in the current year. The surplus cotton is exported primarily to the United Kingdom and a small amount to France.

In 1966, the Farmers Marketing Board (FMB) established a third grade of cotton, Grade III. Prior to 1966, the FMB recognized only two grades. Prices paid to the farmers for the 1968-69 cotton crop, in U.S. cents per pound, were: Grade I, 6.0; Grade II, 4.5; and Grade III, 3.0.

U.S. Trade in Livestock and Meat

Both U.S. exports and imports of livestock and meat products were up substantially in April, for the second consecutive month following the U.S. dock strike. As a result, trade in most categories for the period January-April was above year-earlier levels.

Total U.S. red meat exports for January-April totaled 65.1 million pounds, 40.5 million pounds above the previous year's level. Most of this increase was accounted for by pork exports which were up 38.2 million pounds. Although variety meat exports for the first 4 months of 1969 were 5.7 percent below the same period last year, April exports were up 9.2 million pounds.

Of the animal fats, lard exports during January-April were down slightly from the year-earlier level. Exports of inedible tallow and greases were 641.8 million pounds, down from the previous year's level of 763.0 million. January-April exports of cattle hides—the major export category of hides and skins—were 7.3 percent above the year-earlier level. Compared with last year's level, exports of cattle and calves rose substantially, in April, but they were almost unchanged for the first 4 months of the year.

U.S. EXPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	April		Jan.–Apr.	
	1968	1969	1968	1969
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Animal fats:				
Lard	16,093	10,651	66,430	65,526
Tallow and greases:				
Inedible	217,744	220,042	763,008	641,778
Edible	783	2,036	2,950	4,544
Meats:				
Beef and veal	2,057	2,112	9,207	8,723
Pork	2,597	9,798	11,167	49,385
Lamb and mutton	276	147	652	700
Sausages:				
Canned	137	133	489	374
Except canned	216	278	867	1,010
Meat specialties:				
Canned	158	115	463	442
Frozen	151	360	673	790
Other canned	735	830	3,030	3,688
Total red meats [1]	6,328	13,776	26,545	65,121
Variety meats	17,705	26,946	70,071	66,049
Sausage casings:				
Hog	896	1,033	2,224	2,364
Other natural	424	334	994	1,110
Mohair	1,108	2,912	3,405	3,631
Hides and skins:				
Cattle parts	2,073	1,878	10,567	9,758
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Cattle	901	1,303	3,930	4,218
Calf	273	176	770	475
Kip	18	54	115	156
Sheep and lamb	255	445	1,042	1,164
Horse	12	8	30	20
Goat and kid	39	85	86	108
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle and calves	2,327	3,548	12,973	13,009
Sheep, lambs, and goats	20,637	13,970	35,926	31,357
Hogs	698	1,945	3,630	6,965
Horses, asses, mules, and burros	750	436	1,956	3,053

[1] May not add due to rounding.
U.S. Department of Commerce, Bureau of the Census.

Imports are up because U.S. meat prices are the highest in more than a decade. January-April imports of total red meats rose 4.5 percent, but the composition of these imports changed. Imports of beef and veal were 30.9 million pounds above the year-earlier level and lamb imports were up 8.6 million while pork imports decreased by 7.7 million pounds and mutton and goat imports by 10.9 million. Imports of all classes of livestock fell in April; January-April imports of cattle were slightly below the year-earlier levels, and hog imports substantially below.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS

Commodity	April		Jan.–Apr.	
	1968	1969	1968	1969
Red meats:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beef and veal:				
Fresh and frozen:				
Bone-in beef:				
Frozen	267	730	2,412	2,008
Fresh and chilled	2,009	1,189	5,130	4,280
Boneless beef	67,454	80,502	255,537	287,958
Cuts (prepared)	57	178	343	649
Veal	2,559	3,593	7,379	9,664
Canned beef:				
Corned	5,750	7,193	26,159	26,457
Other, incl. sausage	1,178	1,802	5,275	4,653
Prepared and preserved	5,955	5,454	20,665	18,125
Total beef and veal [1]	85,231	100,642	322,900	353,793
Pork:				
Fresh and frozen	5,050	4,876	17,192	15,222
Canned:				
Hams and shoulders	19,204	24,030	76,700	77,232
Other	2,730	3,495	14,444	8,555
Cured:				
Hams and shoulders	93	89	396	350
Other	293	227	1,363	1,053
Sausage	198	207	797	820
Total pork [1]	27,567	32,926	110,890	103,228
Mutton and goat	6,055	3,988	25,378	14,515
Lamb	947	6,871	4,365	13,028
Other sausage	652	917	2,303	2,499
Other meats	826	1,492	4,216	3,931
Total red meats [1]	121,276	146,838	470,050	490,990
Variety meats	200	572	1,173	1,276
Meat extract	94	190	265	1,077
Wool (clean basis):				
Dutiable	12,761	10,697	52,916	35,033
Duty-free	10,018	11,326	39,086	26,946
Total wool [1]	22,779	22,022	91,999	61,978
Animal hair	755	868	3,333	2,819
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides and skins:				
Cattle	46	16	138	87
Calf	22	39	151	101
Kip	17	38	79	117
Buffalo	31	56	158	163
Sheep and lamb	3,348	5,951	13,040	8,243
Goat and kid	572	682	2,339	1,695
Horse	24	28	120	79
Pig	53	63	238	236
Livestock:	*Number*	*Number*	*Number*	*Number*
Cattle [2]	140,887	111,120	364,999	361,590
Sheep	117	56	1,009	1,590
Hogs	1,806	706	7,336	2,636
Horses, asses, mules, and burros	342	307	931	1,082

[1] May not add due to rounding. [2] Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Australian Peaches Damaged

A report from South Australia states that the Upper Murray area has experienced serious losses in the crop of peaches intended for canning. Overall yields in that area were reduced by about 30 percent due to brown rot and Rutherglen bug. The Upper Murray area is in the State of South Australia, which is second in importance to the State of Victoria for peaches. South Australia produces about 25 percent of the total Australian crop.

Aids For Greek Citrus Producers

Greece's Economic Policy Coordinating Committee (ESOP) has approved the levels of income support grants to be paid to citrus producers who deliver their fruit for export. Payments are made for grade A fruit sold under the relevant standardization regulations of the EC. The maximum payments to be made this season are as follows:

Variety	1968-69	1967-68	1966-67
Oranges:	*U.S. cents*	*U.S. cents*	*U.S. cents*
Navels, Yiafa	*per lb.*	*per lb.*	*per lb.*
Blood, etc.	[1] 0.45	0.60	0.76
Common	[2] .45	.45	.45
For processing	[2] .30	.45	.30
Lemons:			
All varieties	—	—	.76
For processing	—	.76	[3] .45

In order to receive these benefits, prices received by growers cannot exceed the following level:

Variety	1968-69	1967-68	1966-67
Oranges:	*U.S. cents*	*U.S. cents*	*U.S. cents*
Navels, Yiafa	*per lb.*	*per lb.*	*per lb.*
Blood, etc.	[1] 2.57	2.72	3.02
Common	[2] 1.51	1.66	1.66
For processing	[2] 1.36	—	—
Lemons:			
All varieties	—	3.02	3.33
For processing	—	—	—

[1] On quantities sold through Jan. 31, 1969. [2] Volume sold through the end of the marketing year. [3] This was increased to 0.76 cent when the juice produced was for export.

With the short 1968 lemon crop, prices secured by farmers were at high levels and no need developed for setting income-support payments for the 1968-69 season.

Philippine Tobacco Exports

From 50 million pounds in 1967, Philippine unmanufactured tobacco exports jumped to a record level of 94 million pounds in 1968. Exports consisted largely of scrap cigar-filler tobacco, averaging 16.1 U.S. cents per pound. Four-fifths of the total 1968 exports were destined to five countries.

PHILIPPINE UNMANUFACTURED TOBACCO EXPORTS, 1968

Country	Quantity	Average value
	Million pounds	*U.S. cents per pound*
United States	21.4	27.6
Indonesia	16.0	5.0
Singapore	15.8	9.3
Spain	12.6	28.5
West Germany	10.7	10.4
Other	17.5	—
Total	94.0	16.1

Increased production in 1968, coupled with the Philippine law requirement that importers of foreign blending leaf must export 4 kilos of domestic flue-cured leaf for each kilo of leaf imported, is likely to boost the 1969 exports to new record levels.

East African Tea Production Up

Reflecting favorable weather and expanded acreage, tea production by Kenya, Uganda, and Tanzania during the first quarter of 1969 was running well ahead of the corresponding period of a year ago. The three countries' harvests for the first 3 months of 1969 were 21.5 million, 9.7 million, and 6.8 million pounds, respectively, compared with 16.3 million, 6.3 million, and 5.5 million pounds for the same 1968 period. Record tea crops were harvested by all three of the countries in 1968.

Japan Building Large Sugar Plant

A new sugarbeet refinery is to be built in Hokkaido, the northernmost island of Japan. The plant, which will be capable of processing 3,600 metric tons of sugarbeets daily, is expected to be completed late next year.

Japan's sugarbeet production in the current fiscal year is estimated by the Japanese Agriculture-Forestry Ministry to total 2.3 million tons. The Ministry expects an increase to 2.5 million tons by the 1973 fiscal year and to 2.8 million tons by 1977. Japan now imports about three-fourths of its total consumption needs of sugar, currently more than 2 million metric tons annually.

Nigeria Increases Peanut Producer Price

Nigeria's Northern States Marketing Board (NSMB) announced on June 16 that it would purchase peanuts at the rate of N£12 18s. per long ton (3.74 U.S. cents per pound) during the 1969-70 buying season, which will open in October or November 1969. This represents an increase of N£3 18s. (0.48 U.S. cent) over the producer price for the 1968-69 peanut crop.

As during the 1968-69 buying season, the NSMB will pay a single price for peanuts in all areas and will purchase only grade 1 shelled peanuts.

In past years the NSMB announced its buying price in September or October—shortly before the buying season actually began. The current announcement of a higher price, as well as a uniform price, has been made at the beginning of the planting season with a view to persuading farmers to plant more, although planting already has been completed in some areas. However, if the current sparse rainfall continues, the crop may be adversely affected.

Crops and Markets Index

Cotton
13 Malawi's Cotton Production Up

Fats, Oilseeds, and Oils
15 Nigeria Increases Peanut Producer Price

Fruits, Nuts, and Vegetables
14 Australian Peaches Damaged
15 Aids For Greek Citrus Producers

Grains, Feeds, Pulses, and Seeds
13 Weekly Report on Rotterdam Grain Prices
13 France Sells Wheat to Egypt
13 Zambia Corn Imports
13 Italian Seed-Import Regulations

Livestock and Meat Products
13 U.S. Trade in Livestock and Meat

Sugar and Tropical Products
15 East African Tea Production Up
15 Japan Building Large Sugar Plant

Tobacco
15 Philippine Tobacco Exports

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Canada Accelerates Kennedy Round Reductions

Acting on a proposal submitted by Finance Minister Edgar Benson, the Canadian Parliament made effective on June 4, 1969, the final Kennedy Round reductions on the products Canada imports. The Parliament approved the advancing of the reductions, which were originally scheduled for January 1, 1972, because according to Minister Benson, "there are continuing increases in both U.S. and Canadian costs and prices, and a need to introduce more competition into the Canadian economy."

Certain sectors of the Kennedy Round Canadian tariff proposals became effective in one step. These included tariff reductions on some tropical products, wood products, chemicals, plastics, and the modernization of machinery tariff. The remaining group of tariff reductions were to be staggered over a 4-year period. Two-fifths of these reductions had been made prior to June 4.

The Canada Department of Agriculture estimates the value of the food and agricultural imports affected by the reductions at about Can$109 million, of which close to $75 million represents imports from the United States. Major items imported from the United States which will be affected by the liberalization are citrus, apples, cornmeal, raisins, and frozen pork.

In the fruit and vegetable sector, the acceleration in the Canadian tariff reductions is expected to provide a reasonable stimulus to an expansion in U.S. exports of certain items. Among the more prominent of these are a host of fresh vegetables shipped during the winter and spring months—broccoli, brussels sprouts, cauliflower, carrots, radishes, eggplant, and corn on the cob.

In some instances, the duty reductions are of particular trade significance in that they reduce the margin of preference accorded to Commonwealth suppliers. Here, the duty for raisins is lowered from the pre-KR rate of 3 cents per pound to 1½ cents and for canned pineapple, from 2 cents per pound to free.

Exports of citrus juices should also respond favorably to the new rates.

Juice	Pre-KR rate	New rate
	Percent ad val.	*Percent ad val.*
Orange	7½	5
Lemon	10	Free
Grapefruit	7½	5
Lime	10	Free
Blended orange and grapefruit	10	5

The following table illustrates how pork prices have been affected by the tariff reductions. (Figures based on tariff schedules of the United States Annotated (1969) Staged Rates and Historical Notes.)

FRESH OR FROZEN PORK
(TSUS No. 106.40)

Year	Price
	Cents per pound
Pre-KR-rate	1.25
1968	1.00
1969	1.00
1970	.08
1971	.07
1972	.05

Reductions were also made on certain tobacco items. The new duties effective June 4, 1969, were:

Unmanufactured tobacco:		
Unstemmed, cigar wrapper	cents per lb.	5
Unstemmed, turkish	do	11
Manufactured tobacco:		
Cigarettes (adjust excise at border)	percent ad val.	+25
Cigars	dol. per lb.	1.45 + 10 percent
Cut tobacco item #14400-1	cents per lb.	40